

Message Text

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PAGE 01 STATE 202762
ORIGIN ARA-14

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 L-03 H-01
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DRAFTED BY ARA/CEN DWELTER:NAB
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FM SECSTATE WASHDC
TO AMEMBASSY MANAGUA PRIORITY

C O N F I D E N T I A L STATE 202762

E.O. 11652: GDS

TAGS: PINT, EGEN, NI

SUBJECT: NICARAGUAN POLICY REVIEW

1. AS EMBASSY IS AWARE DEPARTMENT CONSIDERING
REVIEW OF PRESENT NICARAGUAN POLITICAL SITUATION AND
POLICY OPTIONS FOR U.S.

2. IN ATTEMPTING TO ASSESS THE RATIONALE FOR PRIVATE
SECTOR'S RECENT ANTI-GON POSTURE DEPARTMENT WOULD
APPRECIATE EMBASSY'S COMMENTS SOONEST AS TO ACCURACY
AND SIGNIFICANCE TWO POSSIBLE ALLEGED FACTORS.

A. THAT SOMOZA'S BUSINESS GROUP IN LAST FEW YEARS HAS
BEEN EXPANDING RAPIDLY USING THE STATE TO GAIN A COMPETITIVE
EDGE OVER LESS WELL CONNECTED INTERESTS. THE IMPLICATION
SEEMS TO BE THAT THIS EXPANSION HAS ALSO SIGNIFICANTLY
INCREASED THE RELATIVE SHARE OF THE PIE GOING TO SOMOZA
BUSINESS GROUP AT THE EXPENSE OF OTHER GROUPS AND THAT
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PAGE 02 STATE 202762

THE SOMOZA GROUP HAS EXPANDED INTO AREAS TRADITIONALLY
DOMINATED BY OTHER GROUPS WHILE OTHER GROUPS HAVE NOT
EXPANDED INTO AREAS TRADITIONALLY DOMINATED BY SOMOZA
GROUP.

B. OFFICIAL CORRUPTION HAS BECOME SO PERVASIVE AS
TO INCREASINGLY HINDER BUSINESS MANAGEMENT. THIS WOULD

SEEM TO IMPLY SOME QUANTIFIABLE EVIDENCE SUCH AS PRICES
HIGHER OR PROFITS LOWER THAN IN OTHER CENTRAL AMERICAN
COUNTRIES.

3. EMBASSY WILL CONTINUE TO BE CONSULTED AND INFORMED
AS REVIEW PROCEEDS. VANCE

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NNN

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